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FISCAL IMPACT STATEMENT

LS 6837

BILL NUMBER: HB 1222

NOTE PREPARED: Dec 29, 2012

BILL AMENDED:

SUBJECT: Notice and procedural requirements.

FIRST AUTHOR: Rep. Friend

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill specifies when a published notice is considered to be in substantial compliance with a statutory time requirement. It requires the Department of Local Government Finance (DLGF) to correct certain errors made at the local level as long as a reasonable person would not be misled by the error. The bill also allows the DLGF to order a correction of the error and the appropriate procedures for correcting the error if a reasonable person would be misled by the error.

Effective Date: July 1, 2013.

Explanation of State Expenditures: See *Explanation of Local Revenues*.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: *Summary:* The definitions and error correction procedures in this bill could reduce a local taxing unit's administrative burden when a publication error or omission is made.

Background: Under current law, each taxing unit must advertise its estimated budget, maximum permissible levy, current and proposed levies by fund, and requests for excessive levies at least 10 days before it holds a public hearing on these matters. Also in some cases, the county auditor must publish proposed amendments to a taxing unit's assessed value.

Currently, a public notice is valid even with errors or omissions if a reasonable person would not be misled by the error and if the notice was published within time and other publication requirements. Under the bill, substantial compliance with statutory time requirements would be met if the number of days between publication and the hearing is at least 70% of the minimum number of days set by statute. The effect of this provision would be to give a grace period of 30% of the minimum time requirement.

The DLGF may currently order a correction of any advertising error, mathematical error, or data error made at the local level if the error affects a maximum permissible levy, tax rate, or levy. The DLGF may make the correction on its own initiative.

This bill would require the DLGF to make the correction on its own initiative as long as a reasonable person would not be misled by the error. Under the bill, if the DLGF determines that a reasonable person would be misled by the error, then the Department could order a correction and specify the appropriate procedure which could include republication and rehearing. The DLGF could also allow a taxing unit to follow a procedure considered appropriate for efficient correction that promotes accountability and transparency.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Local taxing units and school corporations; County auditors.

Information Sources:

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